

**SECRET**

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

Copy

P 93

**BIWEEKLY REPORT****AID AND TRADE ACTIVITIES  
OF COMMUNIST COUNTRIES  
IN LESS DEVELOPED AREAS  
OF THE FREE WORLD**

1 January - 30 June 1966

EIC WGR 1/273

25 July 1966

**MIDYEAR SUPPLEMENT TO EIC R14-S20**

PREPARED BY THE WORKING GROUP  
ON COMMUNIST AID AND TRADE ACTIVITIES  
IN LESS DEVELOPED AREAS OF THE FREE WORLD

**ECONOMIC INTELLIGENCE COMMITTEE**

25X1

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

**SECRET**

25X1

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

FOREWORD

The attached summary and tables, covering the six months from 1 January through 30 June 1966, constitute the first mid-year supplement to EIC-R14, Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World, and update the data contained in EIC R14-S20, dated March 1966. Data have been revised to include new information, and figures in the current supplement supersede those in previous issues. The tables were prepared by the Central Intelligence Agency and were reviewed and coordinated by a Working Group of the Economic Intelligence Committee, which includes representatives of the Department of State, the Defense Intelligence Agency, the Departments of Commerce and Agriculture, the Agency for International Development, the National Security Agency, and the Central Intelligence Agency.

In this report the term Communist countries refers primarily to the following countries that extend aid to less developed countries of the Free World: the USSR, Communist China, and the following countries of Eastern Europe -- Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Rumania.

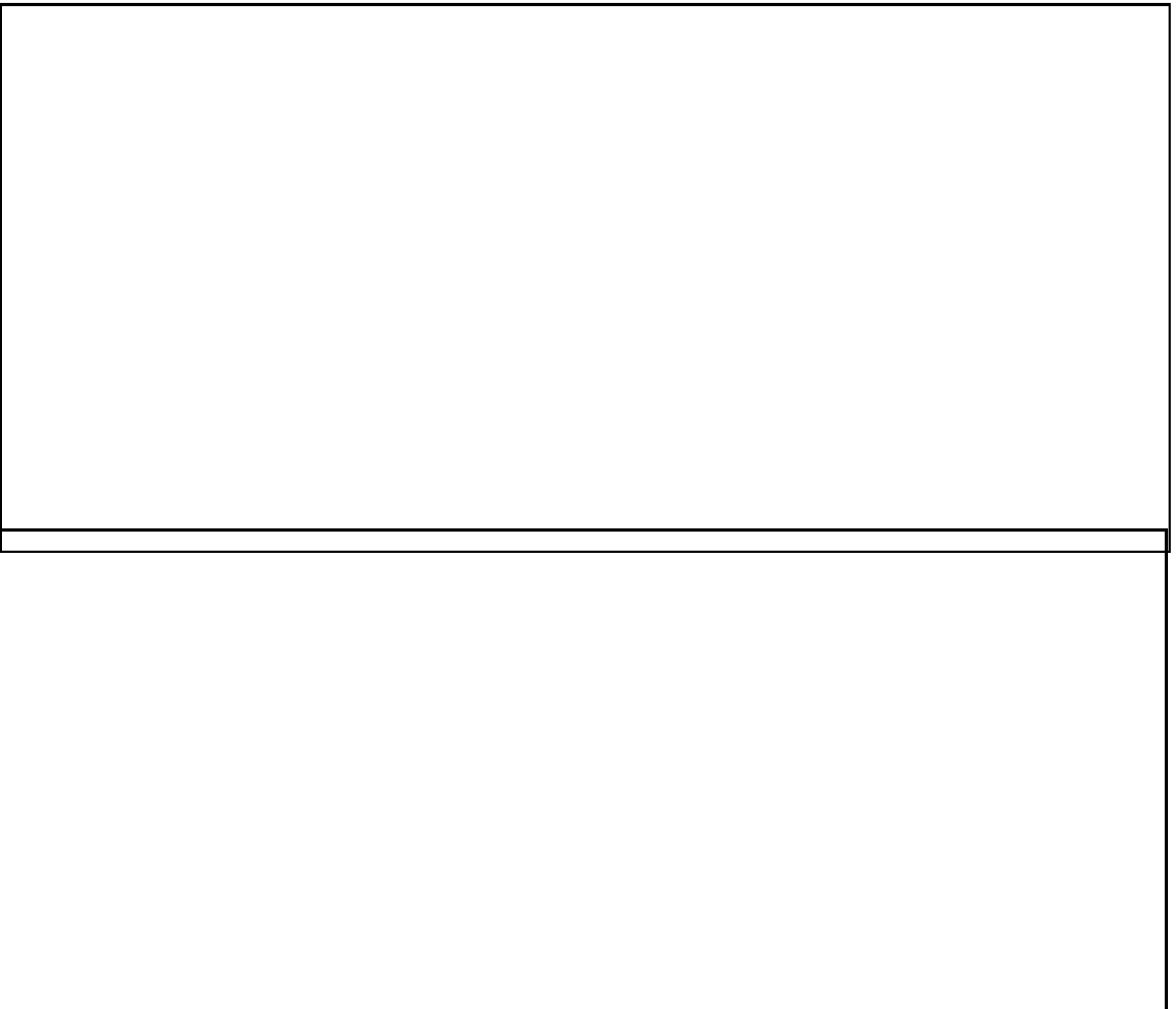
The term less developed countries of the Free World includes the following: (1) all countries of Africa except the Republic of South Africa; (2) all countries in Asia except Japan; (3) Iceland, Portugal, and Spain; (4) all countries in Latin America except Cuba; and (5) all countries in the Middle East, including Cyprus, Greece, Syria, Turkey, and the United Arab Republic.

~~SECRET~~

C O N T E N T S

Page

Summary . . . . .	1	25X1
-------------------	---	------



25X1

~~SECRET~~

25X1

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

AID AND TRADE ACTIVITIES OF COMMUNIST COUNTRIES  
IN LESS DEVELOPED AREAS OF THE FREE WORLD  
1 JANUARY - 30 JUNE 1966

Communist extensions of economic aid to the less developed countries during the first half of 1966 were at a rate substantially below the record levels of recent years. New aid commitments totaled \$293 million (see Table 1), bringing the total of such aid since the inception of the program in 1954 to about \$8 billion.\* The USSR was the major donor, extending \$158 million of new assistance; Eastern Europe extended \$83 million and Communist China \$51 million. Approximately 85 percent of new Soviet economic aid in the first half of 1966 went to Syria for constructing a dam and related irrigation facilities on the Euphrates River; India was the major recipient of Eastern European aid, having received a \$52 million credit from Hungary; Communist China extended nearly 85 percent of its aid to Cambodia.

In spite of the lower level of new aid extensions, there did not appear to be any fundamental change in the aid policies of the Communist countries. Moscow continued to expand its aid activities in the countries which lie to the south of its borders -- from Turkey, through the Middle East to Pakistan and India -- and to exercise increased care in assessing the feasibility of new projects before undertaking new aid commitments.

Drawings on previous extensions of economic aid totaled about \$190 million in the first half of 1966, a rate which was substantially below the levels of the two previous years (see Table 5). In spite of this fact, Communist economic technicians employed in less developed countries during this period rose to 20,265, largely because of increases in the number of nonproject personnel (see Table 6).

During the first half of 1966, Communist countries extended \$ 02 million of military assistance to less developed countries, nearly all of which was provided by the USSR.\*\* The new commitments brought total military aid extended since 1955 up to \$4.6 billion (see Table 7).

---

\* For additional details, see Tables 2, 3, and 4.

\*\* Soviet arms ordered by India in the first quarter of 1966, valued at an estimated \$65 million, have been included under the September 1964 agreement, since it is not known whether a new agreement for this equipment was signed in 1966.

SECRET

SECRET

Deliveries under previous arms agreements continued apace in the first half of 1966, with Algeria, India, and the UAR receiving the largest share (see Table 8). Although no formal agreement is known to have been signed, Pakistan received deliveries of military equipment from Communist China. Communist military technicians in less developed countries numbered about 3,755, roughly equal to the number present in 1965 (see Table 9). A total of 885 military personnel departed for training in Communist countries in the first half of 1966, bringing to 21,860 the number who have undertaken such training since 1955 (see Table 10).

During the first half of 1966 the USSR signed new trade agreements with several less developed countries. These pacts are intended to serve as a basis for expanding Soviet trade with these countries. Under the terms of the new five-year agreement with India, trade in 1970 is scheduled to be double the level attained in 1964. In addition to concluding a protocol to the existing 1965-67 trade agreement, Pakistan and the USSR signed a new barter agreement under which Pakistan will export 85,000 tons of rice in exchange for machinery and other goods. The rice, to be exported over a three-year period, will come primarily from stocks of high-grade, export-quality rice normally sold to Middle Eastern markets. High export prices have reduced the demand from these markets in recent years. A new five-year trade agreement with the UAR came into force on 1 January, providing for an increase in trade by 1970 that will be 50 percent over the 1965 level -- an average annual rate of increase of 8.4 percent. A trade agreement signed with Singapore in April was the first such agreement to be concluded by the Singapore Government with a Communist country. Subsequent to this agreement, Singapore concluded trade pacts with Bulgaria and Poland.

SECRET

25X1

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6

Next 13 Page(s) In Document Exempt

Approved For Release 2006/02/07 : CIA-RDP92B01090R000400010025-6